BLENDING TRADITION AND INNOVATION

PRINCE EDWARD ISLAND
DEVELOPMENT STRATEGY

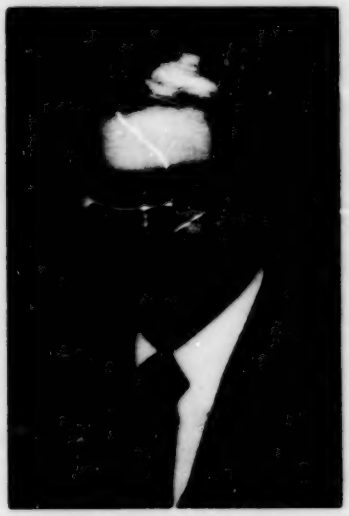
84- 3753 /

BLENDING TRADITION AND INNOVATION

PRINCE EDWARD ISLAND
DEVELOPMENT STRATEGY

Spring 1984

FOREWORD



I am pleased to present the Prince Edward Island Development Strategy, BLENDING TRADITION AND INNOVATION, as a statement of direction for the future development of the Prince Edward Island Economy.

Our Government has great confidence in the future of this Province. We believe that Prince Edward Island can anticipate and adapt to changing economic conditions in a manner that will enhance our traditional way of life and create unprecedented opportunities for social and economic growth.

Development efforts will, however, require cooperation, initiative and commitment from all Islanders to ensure success.

It is my sincere wish that the direction provided in this strategy will challenge all of us to explore the future together.

Building on our strengths and discovering new opportunities will make Prince Edward Island an even better place in which to live and to work in the future.

James M. Lee, P.C., M.L.A.
Premier
Prince Edward Island

12th April, 1984

TABLE OF CONTENTS

	Introduction	i
I.	Economic Overview	1
II.	Looking to the Future	5
III.	Elements of a Strategy	9
IV.	Sector Goals and Objectives	17
V.	Summary	21

INTRODUCTION

Blending Tradition and Innovation is a development strategy that recognizes Prince Edward Island's traditionally strong agricultural, fisheries and tourism base, its resourceful people, and its satisfying life style. It also recognizes that building on traditional strengths must happen in a manner that creates new opportunities for economic growth. *Blending Tradition and Innovation* establishes a course of action which will set the stage for the Island to take advantage of opportunities arising from a changing economic environment, while at the same time preserving its traditional lifestyle.

The changing economic environment has been created by advances in technology and, more importantly, by the extensive application of technology to new products and old processes. These new technologies are reversing the trend of centralization of economic activity in large urban areas, while increasing the prospects of a greater dispersement of economic benefits throughout the nation. Technology offers new opportunities for rapid expansion, enhanced productivity and a specific opportunity for P.E.I. to facilitate an expansion and diversification in the products and services offered for sale in world markets.

This strategy recognizes that the economy of Prince Edward Island is different from that of other Provinces. It acknowledges that agriculture, fisheries, tourism, construction and public administration are comparatively more significant in the Island economy, while manufacturing, mining and forestry are less so. It also acknowledges that in the past, our economic structure may not have given us the advantages enjoyed by central Canada.

Looking to the future, however, the strategy accepts that Prince Edward Island is not resistant to change. It will build on its cornerstone industries of agriculture, fishing and tourism, and, incorporate new technology as an opportunity to enhance the Province's place in the world economy.

As the changing economic environment decreases our traditional economic constraints of distance and energy costs, P.E.I. will move to seek out and capture new opportunities. Aggressive efforts to promote our life style, our physical environment, our human resources, our easy access to government and other community decision makers, combined with a number of initiatives outlined in the strategy will provide an optimistic climate for new investment on P.E.I. never enjoyed before.

The role of government in facilitating future economic growth in the Province will be one of support and assistance to the private sector of the Province. The major responsibility for ensuring that actual growth occurs will be that of Island farmers, fishermen, business owners, and a dedicated labour force. Government will set the stage; the private sector must exercise their initiative to take advantage of the emerging oportunities.

The four major elements of the strategy include:

- a market led approach to development, incorporating new initiatives to seek out market oportunities, and new products and services to be produced by existing and new Island businesses,

- the transfer and application of new technology to Island enterprises in a manner that enhances our lifestyle and creates new job opportunities,
- a greater development of our human resources to meet the challenges of the changing economy
- an improvement of the Island business climate so as to remove barriers and provide increased incentives to investment

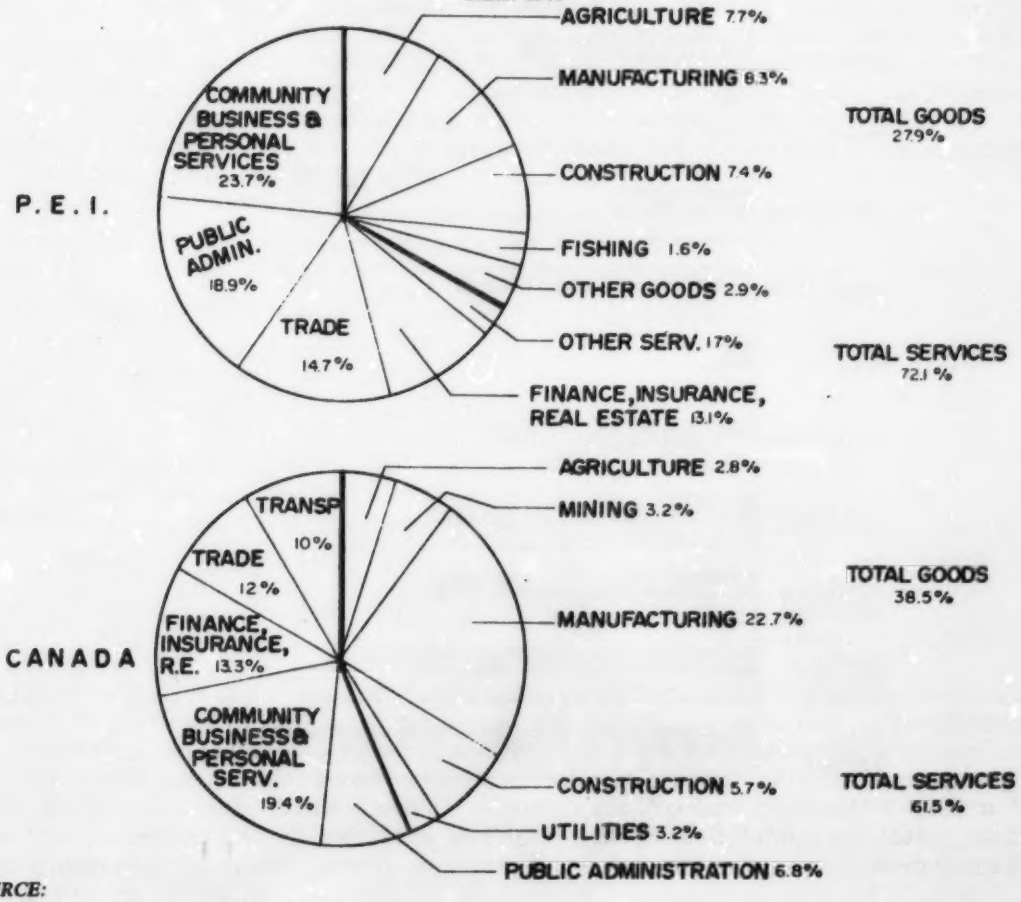
Prosperity is desired by all Islanders. With resourcefulness, hard work, and the spirit of cooperation between the private and government sectors, a bright future lies ahead.

I. THE ISLAND ECONOMY

Prince Edward Island's economy is composed of a broad spectrum of industries. Compared to Canada, however, it is the resource industries of agriculture and fisheries which give the Island economy its unique identity. Agriculture's percentage contribution to total output is 3 times larger in P.E.I. than it is in the nation as a whole, public administration's percentage contribution is 3 times larger, and the Province's manufacturing share is 1/3 of Canada's. Despite the fact that the Province's output in the forestry and mining sectors is quite low, per capita output in agriculture and fisheries greatly exceeds that of Canada, and Prince Edward Island's per capita output of these four resource industries surpasses that of Canada.

The Island's secondary sector - manufacturing, construction and utilities, is relatively small and undiversified compared to Canada's. The food processing industry accounts for two-thirds of the Province's value added in manufacturing. Per capita output of the service sector remains below that of Canada's, although in recent years, the Province's service sector has provided an important source of employment growth.

PERCENTAGE CONTRIBUTIONS TO REAL DOMESTIC PRODUCT CANADA
P.E.I. 1979



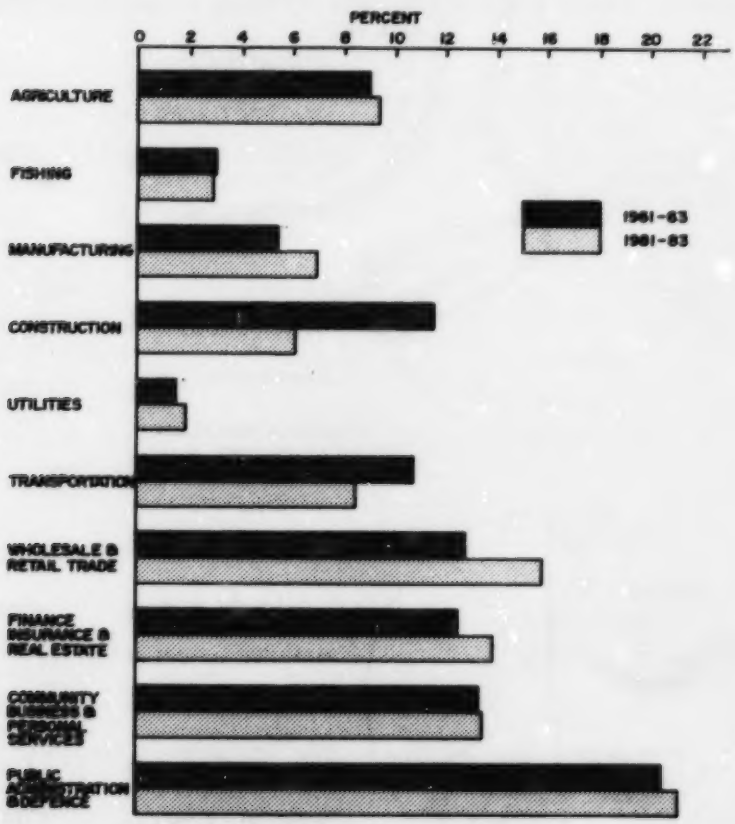
SOURCE:
DATA FROM CONFERENCE BOARD OF CANADA

Although tourism's importance is well recognized, as a consequence of data collection problems of the foregoing classification framework, tourism is not classified as an individual industry. Tourist expenditures do however contribute to the wholesale and retail trade, transportation, and community business and personal services industries. Estimates place tourism's contribution at approximately five per cent of total Provincial income.

The fundamental structure of output has not changed significantly in recent decades, although a small shift from the goods producing to the service producing industries was recorded over 1961-63 to 1981-83.

Although, as the following graph illustrates, service industries account for the bulk of Prince Edward Island's output, many of these firms rely on sales to goods producing industries. Thus, for instance, expansion of agriculture, fisheries and manufacturing production will increase the demand for the output of service industries.

PERCENTAGE CONTRIBUTIONS TO REAL DOMESTIC PRODUCT, P.E.I. 1961-63, 1981-83



SOURCE: DATA FROM CONFERENCE BOARD OF CANADA

An examination of the industrial structure reveals much about an economy, but it does not lead to a clear understanding of those forces which affect the economy. The following is a summary description of the Prince Edward Island economy using the economic indicators which are the most important "signposts" to that understanding.

1. POPULATION, LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

The slow population growth that Prince Edward Island has experienced since Confederation is partly attributable to the persistent process of farm consolidation and loss of farm population that characterized all of rural Canada in the 20th century. While other Provinces with richer natural resource bases located nearer large markets have developed manufacturing industries, Prince Edward Island has remained primarily agricultural. However, the Province's population has increased by 16,000 during the past 20 years to reach 122,500 (1981 Census). This increase can be attributed to an increase in employment opportunities in the service sector of the economy.

The Island's labour force grew by 70 per cent between 1961-81. Particularly dramatic was a rise of 195 per cent in the female labour force during this period.

The principal reason for changes in the composition of the labour force is that following a national trend, labour productivity growth rates were higher in the goods producing industries than in the services production industries. As a result, labour requirements grew more slowly in the former than in the latter industries. In fact, as the following data illustrate, over the past two census decades, less than one percent of the increase in the labour force occurred in the industries producing and processing primary products. The latter decade, 1971-1981 did however witness a stabilization of employment in agriculture and continued gains in manufacturing and processing, and in fisheries employment.

Labour Force Growth by Industry
Prince Edward Island 1961-71, 1971-81

	1961-71	1971-81
Agriculture and Forestry	−3360	+ 170
Fishing	+ 40	+ 670
Manufacturing	+1190	+ 1620
Construction	+ 600	+ 1610
Transportation	+ 330	+ 1200
Wholesale and Retail Trade	+1110	+ 2260
Finance, Insurance and Real Estate	+ 300	+ 750
Community, Business and Personal Services	+3740	+ 6250
Public Administration and Defence	+1750	+ 1340
Other	+3150	− 920
TOTAL	+8850	+14950

Unemployment rates of the Atlantic Provinces have persistently been higher than the Canadian average. Prince Edward Island's average jobless rate of 12.9 per cent in 1982, although the highest experienced by the Province in recent decades, was lower than that of any Province east of Ontario. Prince Edward Island weathered the recession of 1981-82 better than most other Provinces, and encouragingly, the total number of jobs in the Province increased by 4,000 in the 12 months to November 1983. Nevertheless, unemployment generally, and in particular, youth unemployment constitutes an extremely important social and economic problem both to the Province and to the nation.

Although a similar unemployment problem is experienced by all Atlantic Provinces, Prince Edward Island does have a relatively larger seasonal labour force. In 1981, the average level of employment May to October exceeded that of December to March by 9,200. That same year 33 per cent of the Prince Edward Island income tax returns recorded unemployment insurance benefits. Regionally, this percentage varied from a low of 19.5 per cent in Charlottetown to a high of 74 per cent in Tignish.

2. PRODUCTIVITY, INVESTMENT AND INCOMES

Island workers provide good value in relation to labour cost. However, owing to low capital stock per worker and the domination of the Province's economy by those industries which tend to register lower productivity levels nationally, value added per worker in Prince Edward Island is only two-thirds of the national average. Factors which tend to improve productivity include increased capital stock per worker, a more rapid adoption of technological innovations, the discovery and exploitation of valuable minerals, or the expansion of industries which nationally are characterized by high productivity.

Although the Province's productivity levels have improved over the years, low per capita investment relative to Canada has kept Prince Edward Island's productivity levels below those of the nation. The locational disadvantages of Prince Edward Island in relation to markets, and high electricity rates are two factors frequently cited as having a negative impact on investment. Distance from markets translates into high transportation costs, particularly for bulky goods. High electricity costs are a concern of all Island firms. Those affected most critically appear to be industrial processors who are reliant on electricity to power heating or freezing processes.

Low levels of investment contributes to low productivity which in turn results in low per capita income. In recent years, per capita personal income of Prince Edward Island has stood at about 70 per cent of the national average. While this represents some improvement over previous years, a significant proportion of the Province's income growth was facilitated through increased government spending. At present, approximately three-quarters of the Prince Edward Island income is earned; the remainder is composed of various government transfers. Future increases in personal income without increased government transfers will require investment.

3. GOVERNMENT SPENDING

In the order of 50-60 per cent of economic activity on Prince Edward Island is the direct or indirect consequence of government expenditures. However, per capita government spending of $6,400 on Prince Edward Island in 1981 was only 15 per cent higher than the Canadian average. Prince Edward Island's share of Federal spending in Canada peaked in 1976 at 0.93 per cent, falling to 0.83 per cent by 1981. Since 1978 Federal spending in P.E.I. in real terms has held constant, thereby acting as a stabilizing force, but contributing little to growth of the economy.

II. LOOKING TO THE FUTURE

1. GOAL OF ECONOMIC DEVELOPMENT

The goal of economic development is to stimulate growth in the economy of Prince Edward Island, thereby leading to more and better employment opportunities and higher incomes. Economic growth, however, will not be pursued in isolation from other important issues. There will be a proper balance with social, cultural and environmental concerns. Specifically, the integrity of Island communities will be protected, continuing emphasis will be placed on the development of the primary resource base, and economic development initiatives will be spread, as much as is possible, evenly across communities. Additionally, where industrial development is encouraged, the scale of such activity will be appropriate to Prince Edward Island to ensure the protection of the environment and quality of life.

2. APPROACHES TO DEVELOPMENT

The Government of Prince Edward Island will take two broad approaches to achieve its goal of economic growth in the Province over the coming years. It will continue to support and encourage activities in the traditional areas of agriculture, fisheries, forestry, tourism and industry, that have served us well and that represent ongoing opportunities for employment generation; and, it will work with the private sector to ensure the fullest advantage is taken of opportunities emerging from a changing economic environment.

3. DEVELOPMENT OBJECTIVES

Within these two broad approaches, future economic development objectives will build on:

- an increased utilization of the resource base of land and sea
- a greater diversification of agricultural crops, and of processed agricultural, fisheries and forestry products
- increased value added to primary products prior to export
- maintaining or improving, as necessary, the quality of our raw resources and finished products
- increased access to national and international markets
- increased investment in new types of industries suited to Prince Edward Island

4. THE CHANGING ECONOMIC ENVIRONMENT

Previous economic development efforts targeted to Prince Edward Island have resulted in some success, but were generally unable to achieve self sustaining growth.

Over the past fifteen years, the Federal and Provincial Governments concentrated on providing the infrastructure to support a more competitive private sector in the Province. Modern schools, a University, a technical college, an efficient system of public administration, an improved highway network and industrial parks were all developed as part of an overall plan to

expand the Island's economic potential. At the same time, new incentive programs were introduced to encourage better performance in the agricultural, fisheries and manufacturing sectors. While these programs did achieve some success, generally they were unable to counter the locational advantage enjoyed by Canada's industrial heartland. Particularly in manufacturing, competition from Central Canada and the United States squeezed a number of firms out of business. Large firms in these regions enjoyed economies of size as well as the benefits of being located in industrialized setting. As a result of these external forces, Prince Edward Island was left outside the North American industrial mainstream. Export oriented firms, in order to succeed had to produce not as efficiently but more efficiently than off Island competition.

The world economic environment is being reshaped by the application of new technologies. A greater application of new technologies to production processes in agriculture, fishing and manufacturing, offers the promise of higher productivity and quality improvements resulting in increased competitiveness. Technological advances are in numerous instances also reducing the size of manufacturing and processing operations. This has sparked a trend toward custom products and smaller production runs. It is now the case that many economic activities which previously had to take place in large urban industrialized setting, may be profitably pursued in less populous areas possessing basic infrastructure such as Prince Edward Island.

It is not only the methods of production which are changing. The composition of output nation wide has been changing to the extent that the service sector now accounts for a much larger share of output than the goods producing industries. This bodes well for Prince Edward Island because the service sector, including research and development and information industries, are less sensitive to energy costs and geographical location.

Thus, it is ironic that the same process of invention and innovation which shaped the industrial revolution and led to centralization of economic activity has now, with the advent of the computer age, created an environment in which the decentralization of economic activity can be expected to occur.

5. A STRATEGY

The four key elements of this economic development strategy are: Market Development, The Application of Technology, Human Resource Development, and Improvement of the Island Business Climate.

The rationale behind the four major or key areas of the strategy has evolved from the basic premise that effective marketing, high levels of productivity and competitiveness, skilled human resources and a positive business climate, are necessary prerequisites to economic growth.

Markets for Island products represent the first link in the development chain. Without markets, there is no need to produce. On the other hand, the level of productivity determines the degree of competitiveness and hence whether or not businesses can compete and actually sell in markets. The application of new technology to production and service processes is one of the primary keys to increased productivity.

Inter-related closely with markets and technology are human resources. Without the appropriate human skills to produce and market goods and services, develop and apply technology, chances of increasing or maintaining competitiveness diminish; and, sales of goods and services suffer.

The most important link in the strategy is the business climate. A positive business climate is a major incentive for increased investment in existing and new businesses. Every element or key in the strategy is thus interdependent on the other.

If all of the foregoing are pursued as a challenge, then the efforts to diversify and expand our primary resource base, encourage new industries, and stimulate economic growth, with resulting higher incomes and higher employment levels, will become a reality.

III. ELEMENTS OF A STRATEGY

1. A MARKET-LED APPROACH TO DEVELOPMENT

Prince Edward Island has historically been an exporter of raw resources, processed goods and to a limited degree - services. While this export emphasis has been long understood, the development thrust over the past two decades has been primarily on increasing levels of efficient production. As levels of production have increased, however, our marketing activities have not kept pace at a desirable level.

The development of new markets, the research and development of new products or services and the subsequent promotion are primarily responsibilities of Island businesses. A problem exists however, in that many Island firms are small, lack specialized marketing staff to search out new markets, lack research and development capabilities, and can do little to affect barriers to increased trade including national quotas and national tariff policies.

Recognizing the heightened need for marketing efforts and the limited resources of Island firms, the Province will play a major supporting role over the coming years with new approaches to marketing and trade.

Adopting the view that a market-led approach is the first step in the development process, the Province will place a strong emphasis on increasing its shares of national and international markets.

Using market intelligence and research, government will assist in identifying new products and services which are in demand, and which could be supplied by existing Island firms or by new firms willing to establish on Prince Edward Island.

While efforts will continue to develop new markets for traditional Island products such as potatoes and lobster in their unprocessed state, research will also be directed to determining the potential for marketing primary products which have had value added to them through new processing techniques. Technology applied to the production of new processed food products can add significantly to the value of the product when marketed.

Additionally, increased emphasis on the marketing of Island services, including educational, hospitality and technical services made possible due to advances in communications technology, will present new opportunities to be pursued.

Four specific areas of marketing and trade require additional government support:

- Identification of new products, new services and new markets;
- increased promotion of Island products and services;
- transfer of new product knowledge to existing and new firms;
- assistance to change national trade and marketing policies which at present act as constraints to increased trade

2. TRANSFER AND APPLICATION OF NEW TECHNOLOGIES TO THE PRINCE EDWARD ISLAND ECONOMY

The developments in new technology can be and have to be harnessed to appropriate advantage on Prince Edward Island.

The Island has a number of characteristics, sometimes considered constraints, that could be minimized or even used to advantage by the application of technology. As well, the Island has strengths which will work to enhance opportunities made possible by technology.

- Technologies adaptable to small scale farming and fishing enterprises can make small decentralized production operations competitive by reducing costs, and improving quality, thus enhancing the viability of our dispersed rural communities of farms and inshore fisheries.
- Identification and application of new technologies can assist the Province to combat high costs of energy.
- The Island's environment, landscape and way of life can now be an attraction to new companies, especially those in the Information Industry. Through the appplication of technologies, this industry does not require large amounts of energy, nor are their products expensive to transport.
- The controlled environment of the Island's geography allows it to become a nucleus for the production of world-class disease-free and genetically superior livestock and crops. This attraction, in conjunction with the Veterinary College, should increase the employment opportunities in the fields of biotechnology, and, in scientific research and development

The maximum potential of new technology can only be realized if steps are taken to create the conditions to ensure its adoption to Prince Edward Island. Essential prerequisites to the transfer and application of technology to P.E.I. include:

- The establishment of a facility dedicated to technology and innovation which would co-ordinate efforts to stimulate and mobilize the diffusion and application of technology on P.E.I.

  In recognition of the importance of the foregoing, government will explore a number of options surrounding the establishment of such a facility. Whether the facility is located in one or more institutions, or whether it takes the form of a "provincial research council", "innovation centre" or an "institute for advanced technology", is less important than that it carry out the important role of responding quickly and effectively to the diverse needs of the P.E.I. economic community.

- Promotion of the use of small scale technologies to enhance rural development.

  The most promising characteristic of the new technologies is the way in which their components can economically be used on a small scale. With proper selection and application of existing and emerging technologies, family farms and food processing operations can reduce the cost of food and make a contribution to food production, and do it in ways that protect the environment and provide a decent living.

  Small home computers can assist farmers, fishermen and small business operators to gain quick access to information on a variety of topics which could help them operate more efficiently. The use of electronic components in the production of crafts, including the weaving process, could increase productivity greatly.

  To promote the use of small scale technologies, government will encourage farm and fisheries organizations, together with other business and community groups to become involved in educating their members and assisting them in applying new technologies.

- **The creation of conditions conducive to risk taking in new technology.**

  There is general consensus that the best role for Government in the introduction of new technology is to take the lead in promoting and encouraging private sector initiative by creating conditions conducive to development and risk taking. In P.E.I. Government will not only be involved in the installation of basic infrastructure, but in the important prior steps which include:

  - co-ordinating technological development efforts
  - encouraging ideas from Island and outside inventors
  - facilitating initiatives related to market and technical intelligence gathering, and
  - helping to put ideas to commercial use

3. HUMAN RESOURCE DEVELOPMENT

The success of marketing and trade efforts, the ability of existing and new Island based businesses to apply new technologies, and the ability to become increasingly productive and ultimately more competitive, will depend to a significant degree on the talents and potential talents of Islanders. Entrepreneurial initiative, managerial skills, research and technical skills, and the availability of educational and training resources are all necessary prerequisites to economic growth.

In the past, the need to improve the quality of our human resource base has not always been co-ordinated with economic development efforts. Jobs were created on the one hand; people were educated and trained on the other. In many cases jobs were not compatible with the skill levels. As our economy expands and diversifies, education and training must be structured to ensure that Islanders are prepared to take up the challenge of new and different types of work, the challenge of applying new technologies, and the challenge of participating as entrepreneurs in the future of Prince Edward Island.

Our greatest investment for the future will be to build on our current strength of human resources, and encourage greater development of skills and talents among Islanders.

Government will play a strong supporting role in providing leadership in human resource development. Special attention by government will be given to developing initiatives aimed at assisting potential entrepreneurs as well as instilling an entrepreneurial spirit among young Islanders. Advisory services will be provided to employers to assist them identify human resources problems, access programs and develop human resources plans as an integral part of their overall business plan. Management development programs tailored to the special needs of owner-managed Island enterprises, particularly in rural areas, will be developed, and self-help approaches to management development within specific industry associations will be encouraged.

Businesses on Prince Edward Island, more than ever before must be willing to expand their investment in the training and retraining of workers. More firms must be willing to develop their ability to assess their future skill requirements and translate those requirements to government and educational institutions so that appropriate education and training can be provided.

The transfer of any technology to industry is dependent on the existence of a solid educational network. Universities and colleges are essential to the adoption of new technologies as they provide laboratories, researchers, technicians, graduates in management and technology, and, more generally, a pool of knowledge. The knowledge and talent of both faculty and students at the University of Prince Edward Island must be mobilized to provide consultation and research.

The recently established Technology Centre at Holland College including its computer, data processing and fishery technology resources, could make important contributions to the pooling of knowledge.

Both the University of Prince Edward Island and Holland College should expand their student industry or work-study programs to help students "see" business opportunities where their skills could be used and to inspire their entrepreneurial interests and desire to stay and work on the Island.

The opening of the Atlantic Veterinary College will make a most important contribution to knowledge, training and industry on P.E.I. It will increase the critical mass of technological personnel, bring students here from the Atlantic Region and elsewhere, keep local students from having to go elsewhere for veterinary training, and provide a new source of industrial stimulation especially in agriculture, fisheries and food processing.

The Atlantic Veterinary College will provide the Island with an unprecedented core of specialists in areas critical to its economy, including:

- genetic improvement of fish and animal stocks
- disease resistance
- aquaculture, and
- toxicology

The encouragement of entrepreneurial initiative; the further development of management abilities; the enhancement of worker skills through training and retraining; and the expansion of research and development capabilities within our educational network, all combine as efforts to improve our human resource capability. Government will, however, encourage Island firms to move into the age of technology without creating gaps in employment opportunities. Indications thus far are that the majority of Island businesses, when applying new technology to their particular enterprise, do retrain existing workers to carry out new types of work which develops from opportunities emerging due to technology applications. Both government and private business will need to be particularly sensitive to this crucial need to maintain employment levels, thus special attention will be paid to retraining programs. On the other hand, every effort on the part of government will be taken to utilize our existing human resource base as an incentive for new economic ventures - making those resources as attractive an incentive for the establishment of new business as those of a financial nature.

4. IMPROVEMENT OF THE ISLAND BUSINESS CLIMATE

While the government can assist the private sector in specific areas such as marketing, diffusion and application of technology and human resource development, its basic role in economic development remains one of improving and sustaining a positive business and investment climate.

Government's ability to establish and amend business regulations and assistance programs, to influence provincial energy and transportation situations, to provide needed infrastructure, to cooperate with other governments, including the Federal Government to affect national and international policies and laws that impact on P.E.I., will be important influences in encouraging economic development over the coming years.

A number of areas will be addressed by the Province as part of the strategy, including: financial and non-financial assistance, energy, transportation, economic influences beyond Provincial boundaries, government institutions, and improved intergovernmental cooperation.

(a) Financial and Non-Financial Assistance

Government's financial support for private industry crosses all sectors of the economy, and, has historically been categorized by loan and grant programs.

It is realized that many projects necessitate government financial investment and support, including new struggling industries or those industries which, if closed, would result in large-scale unemployment. In many cases however, government assistance is not enough to save a dying enterprise, particularly if private sector influences either within or outside the Province mitigate against government efforts.

In looking to the future, government will reassess its role in financial support for economic ventures, and in particular, the degree of commitment, and accountability to be expected from the entrepreneur. The start-up initiative for new enterprises must come from the private sector — government can play its most important part by making the climate attractive to private investment.

(i) Financial Assistance

Recognizing that capital investment will continue to be crucial to the start up of new businesses and to the application of technology within existing businesses, government will:

- Explore ways to attract more venture capital into the provincial economy, particularly capital supplied by Island investors. At present the majority of monies invested by Islanders flows to off-Island companies and ventures. Government will encourage Islanders to invest in the future of P.E.I. by diverting their monies into Island-based ventures.
- Review the array of government grant programs. There is a recognition that many grants are essential to the social and economic well-being of Island institutions and communities; however, non-conditional grants will be reviewed in order to identify the most reasonable kinds of conditions to place on the part of the grant receiver.
- Explore the provincial taxation system to determine how it would be changed to act as an incentive to increased investment. Although any changes in the tax system could result in short term decreases to provincial revenues, government believes that there may be offsetting benefits to be gained from increased private investment.

(ii) Non-Financial Assistance

Very often the most valuable type of assistance that government can provide to the private sector is that of a non-financial nature, such as advisory services, a reduction in regulatory burdens, and greater flexibility and responsiveness in overall government assistance.

While a number of non-financial forms of support have already been mentioned in the sections referring to marketing, transfer and application of technology and human resource development, additional types of assistance will also be made available. A full range of management advisory services will be developed for potential new businesses to assist them in the preparation of sound business plans and to help them gain access to a variety of Federal and Provincial programs. As well, the provision of aftercare services for new and expanding firms to ensure their continuing viability will be available. The provision of support services for new industries such as the film and video industry will be explored. Such services could include on-site assistance to production companies on location on P.E.I. to ensure they have quick access to a variety of technical, professional and legal services necessary for thier production.

(b) Energy

One of the most discussed and visible areas of constraint to competitiveness and private investment in the Province, is the cost of energy, and in particular, that of electricity.

The past decade has witnessed dramatic changes in the world energy scene. Major increases in the cost of crude petroleum products have resulted in an escalation in costs of fuel oil, gasoline and thermally generated electricity. The issues of energy pricing and supply have assumed paramount importance in most economies and Prince Edward Island is not an exception. The situation of the Island is particularly acute, however, since all petroleum products are imported, and electricity is more expensive than elsewhere in Canada.

Prince Edward Island faces a unique problem in the area of energy costs. While electricity accounts for a smaller proportion of primary energy needs than does petroleum, electricity is critical to the maintenance of the food processing industry — an industry not only crucially important to the Province's agricultural and fishing sectors, but an industry facing fierce competition in the marketplace.

Because P.E.I. has little direct control over electricity costs, lowering them is not a simple matter. At the same time, however, government is committed to reducing inflation adjusted rates.

Future efforts by government to deal with the energy issue will include:

- Implementation of a means to achieve short term reductions in the price of electricity, while identifying measures to ensure price stability over the longer term. Critical to the medium term will be the ability of government and the private sector to work together to discover, possibly through technology, ways to decrease the proportion of electricity required in the production processes of our manufacturers.
- Encourage future investment on P.E.I. in new industries for which electrical costs are not a major factor in the production process.
- Continue assistance in the conservation of energy in all businesses and residential facilities.
- Continue to explore and develop energy alternatives, including a greater stimulation of the wood fuel industry.

(c) Transportation

A stable transportation system is a prerequisite to the economic growth of the Province. Virtually all modes of transportation require infrastructure improvements, although such improvements are, by nature, very costly. Neglect of rail line maintenance has resulted in a serious deterioration of rail freight infrastructure, and the move from rail to truck in hauling freight, has placed an increased burden on Island highways. In addition, increased automobile traffic on the Wood Island/Caribou service has created frequent bottlenecks which discourage tourist traffic.

The development of new P.E.I. industries less sensitive to distance and thus transportation costs, will alleviate a portion of the existing transportation constraints to economic development; however, the ability of our producers and processors to ship raw and processed goods off Island at reasonable rates and within reasonable time frames, will continue to be a primary concern of government, and as such will be considered as a priority. Efforts by the Province to improve the transportation system within P.E.I. and establish better linkages with the mainland will include:

- Strengthening major highway systems and secondary paved roads.
- Working with the Federal Government for increased maintenance and upgrading of transportation modes within the Province (particularly rail) in order to provide adequate service to the Island population.
- Working with the Federal Government for increased effectiveness in the ferry systems, including improved scheduling, greater physical capacity — particularly on the Wood Islands/Caribou route, and, stabilization of rate structures.

- Exploration of the possibility of extending the marine shipping season.
- Assessment of the Province's air transport needs and possibilities for improvement.
- Development of a transportation brokerage and distribution system designed to decrease costs of shipping Island exports.

(d) Co-operation Among Governments

Given the open economy of the Island and the subsequent influence that national and even international policies and laws have on the efforts of the Province to promote and generate economic growth, the government will place a major emphasis on attempting to influence external factors in a manner that promotes a positive impact on our economy.

A major initiative for Prince Edward Island will be to cultivate greater cooperation among governments so as to affect policy changes which will complement our economic development efforts and assert our presence as a Province. Over the past few years, the Province has given strong support to the Council of Maritime Premiers and its efforts in the Maritimes. The role the Council plays has contributed greatly to ensuring efficiencies in education, transportation and generally the delivery of government services. The Atlantic Provinces Veterinary College, the Atlantic Provinces Police Academy, the Land Registration Information System, and the cooperative programs and initatives in education are examples of intergovernmental co-operation.

While increased cooperation within the Maritime region is essential, efforts to develop stronger ties with the total Atlantic and New England area is also essential. Recently, agreement was reached between the Eastern Canadian Premiers and New England Governors to explore greater trade opportunities. Additional cooperative ventures will be pursued in the future.

While the other Atlantic and New England Governments will continue to be strong partners of Prince Edward Island in economic development efforts, we must recognize that a number of factors important to economic development are controlled by national policies, laws and regulations. In the future it will be important to continue working co-operatively with the Council of Maritime Premiers in planning a long term strategy that will affect national policy for the region. Of particular concern to Prince Edward Island will be the need to work toward gaining Federal co-operation and support for;

- Research and development efforts necessary to explore new areas which would permit Prince Edward Island to achieve self-sustaining development, in particular, those areas which will require the application of new technologies.
- A broader approach by the Federal Government toward economic development. At present much of the Federal support comes in the form of incentive grants; in future all Federal Departments, Agenices and institutions should be considered as possible resources for economic development.
- Provincial representation on national Boards, Crown Corporations and other non-Parliamentary institutions whose decisions affect Provincial economic development; for example, the National Energy Board, Canadian Transport Commission and Canadian National, to mention but three.
- The development of national policies in the area of economic development that complement Provincial development activities. Support is needed, for example, to increase fishery licences and agricultural product quotas, and to change energy and transportation policies to ensure that they better reflect Prince Edward Island's economic development priorities.
- Increased joint planning and delivery of economic and employment development programs, again to ensure that they reflect Provincial priorities.The joint efforts of both levels of government in the recent New Employment and Expansion Development (N.E.E.D) program initiated by the Federal Government is an excellent example of how both governments worked together for the general good of the Province.

(e) Government Delivery Mechanisms

Financial and non-financial assistance, resolving energy and transportation constraints, working with other governments to effect changes to national policies, all combine to help create improvements to the Island business and investment climate. A good degree of assistance, however, can be rendered ineffective if not properly delivered. To address the need for improved program delivery, the government will take a number of steps, including:

- The creation of a new development body; namely the Prince Edward Island Development Agency which will bring together under one organization the search for new ideas, new industries and new markets on the one hand, and risk capital and the provision of infrastructure on the other.
- The combining of human resource development, community economic development, and small business assistance under one administrative body — the Department of Industry. This move, which has already been put into place, will work to ensure that the needs of Island businesses for start up assistance, human resource assistance and productivity enhancement are met in a coordinated way.
- The exploration of the establishment of a facility dedicated to technology and innovation.

IV. SECTOR GOALS AND OBJECTIVES

Co-operative efforts between government and the private sector to foster economic development through Market Development, the Application of Technology, Human Resource Development and the Improvement of the Island Business Climate will cross all sectors of the Island economy, including agriculture, fisheries, forestry, tourism and the industry and business sectors.

While not all-inclusive, the following sets out goals and objectives for each individual sector.

1. AGRICULTURE

Agriculture and the family farm will remain the cornerstone of future resource development on P.E.I. The agricultural sector is demonstrably efficient, however plans and aspirations for improved economic and social conditions in the sector will hinge on continued improved efficiency and rising productivity. The major goal of agricultural development will be:

- to strengthen the overall competitive positions and futures of farm owner operators, the food processing industry and the rural community of the Province.

Policy objectives necessary to achieve the above goal include:

- a shift from the historical concentration on production to one of developing agricultural commodities on a more integrated production-handling-storage-marketing continuum; the objective will be to work harder to maintain market shares, to increase shares of national quotas, to increase the profile of the promotion of agricultural products and to exploit a quality image
- greater utilization of the existing land base through diversification of crops and the application of technology; and where feasible, bringing more land under agricultural production
- encouragement of and support for farm owner operators, both in establishing themselves and in reaching their most effective level of operation
- development of a focused agricultural extension effort which will bring essential management and technical supports to farm operations
- promotion of technology development, transfer and application
- further development of the small scale agricultural program

2. FISHERIES

Improvements in the P.E.I. fishery over the past decade, including port improvements, modernization of fish plants, development of new species, improved marketing and management practices have, in part, contributed to the continuing ability of the fisheries to remain competitive.

In order to maintain and improve its level of competitiveness however, the fishery will need to concentrate on more effective resource management, improvements in fish quality, and productivity, and, even greater efforts to establish new markets. The goal of fisheries development will thus be to:

- ensure the maximum utilization of the available and potential fisheries resources in a manner that maintains employment in the catching sector, increases employment and value added in the processing and service areas, instills quality and efficiency, and, maintains and expands markets for fish exports.

Steps to be taken in order to meet the foregoing include:

- working to obtain an increased share of fisheries' quotas and licences necessary to expand the historical base of offshore groundfish resources, and to expand the level of inshore resources
- increasing the availability of the fisheries resource by developing aquacultural potential in areas such as mussels, salmon and trout
- enhancing the quality of landed fish through programs which concentrate on improved dockside grading, establishment of improved icing and freezing facilities, and improved fish unloading and handling equipment
- increasing efforts in research and development of new product lines which could lead to increased processing opportunities
- establishing a more progressive fish export marketing system by increased promotion of seafood, and by assisting small and medium sized processors in obtaining export sales and in becoming more effective in the mechanics of exporting
- encouraging maximum value added in the processing of fisheries and marine products (including Irish Moss) by assisting processors to adopt various new technologies within their facilities which would lead to improved product quality, improved productivity, a broadening of viable process lines, and reductions in unit costs
- encouragement of improved financial, organizational and technical abilities among fishermen, processors and plant workers through extension efforts in business management techniques, and technology training, as well as in planning and assistance for port maintenance and development of the aquaculture industry

3. FORESTRY

While forestry on P.E.I. was considered a thriving industry at the turn of the century, shipbuilding, fire and land clearing contributed to its demise early in the first part of this century. Beginning in 1951, however, Provincial efforts began to rebuild the forests, which at present comprise 50% of the land base on P.E.I. Reforestation, stand improvement, silvicultural and woodlot technology programs have been the focus of efforts over the past fifteen years. The signing in 1983 of a new five year Forestry Agreement between the Province and the Government of Canada, signals a new era of forest development on P.E.I. The general goal of Forestry Development is to maximize the economic benefits to Provincial residents which are attainable from the forest resources of Prince Edward Island. The realization of this goal will require:

(i) Improving the forest resource of the Province;

(ii) Increasing the harvest of fuelwood by better forest management practices; and,

(iii) Improving and intensifying forest management practices, thereby augmenting employment in the forest resource sector.

The policy objective necessary to achieve the above goal will be to develop, through the use of local labour and entrepreneurial resources, a forest management program that will:

- Permit the development of a wood fuel industry to double the present consumption of wood from 168,000 m³ (70,000 cords) to 336,000 m³ (140,000 cords) by 1988, thus potentially decreasing fuel oil imports by 111,000 barrels/year.

- Permit the Province to attain a level of production in sawn and processed lumber of 21 million board feet annually. Without forest management inputs, reduced sawlog supply will result in declining production to 10 million board feet and consequent reduction in jobs from 250 to 125.
- Increase direct employment in the forest industry from the present 400 to 600 person years over the 5-year plan.
- Permit the development of income and employment opportunities in associated industries such as consulting, silvicultural contracting, Christmas trees, furniture and crafts, and maple syrup.

4. TOURISM

In Prince Edward Island, tourist visitations in the late 60's and early 70's grew at an average rate of 10% per year. Growth slowed in the late 70's and severe economic conditions in the early 80's resulted in a slight curtailment of growth. Despite this, however, in 1982 tourism was still one of the top three Island industries; some 620,000 visitors came to the Province between May 15th and October 31st, and it is estimated that the industry that year provided nearly 10,000 permanent and seasonal jobs and contributed 49 million dollars in direct revenues to the Province.

To restore a steady rate of growth within the tourism industry, represents a major challenge for the coming years. The goal of tourism development on Prince Edward Island will be:

- to attract tourists to the Province, and, to ensure the dispersement of tourism business throughout the Island in a manner that provides maximum continuing economic benefits to P.E.I., with a minimum of undesirable environmental and social change.

Policy objectives necessary to achieve the above goal include:

- identification of new target markets and development of specific attractions/services to appeal to designated new markets
- maintenance and expansion of existing markets, particularly for periods other than the peak summer season
- increased promotional efforts to heighten the awareness of the Island as a tourist destination
- development of a range and variety of tourist facilities/attractions to meet demands of identified markets

5. INDUSTRY/BUSINESS

The development of an expanded industrial and business sector within the P.E.I. economy is as important a component of economic development as that of expanding and developing the primary sectors. While many secondary manufacturing and service businesses do not depend on the primary sector for input, they do represent major generators of employment within the Province and, as such, are substantial contributors to the economy of the Province.

The overall goal for the industry and business sectors of the Provincial economy will be:

- To strengthen the competitiveness of Island firms, and to encourage the establishment of new firms appropriate to the P.E.I. economy.

Necessary steps to be taken to meet the foregoing, include:

- assistance to existing firms to improve their productivity through such measures as: the application of new technology to production processes, industrial engineering assistance, improved distribution systems, product development assistance and materials handling assistance
- special assistance and incentives to Island communities to encourage community economic development through the start-up or expansion of appropriate business ventures across the Island
- encouragement of start-ups of new business enterprises which will:
  - complement the primary sectors of the Province, by either processing our primary resources, or providing services to our primary producers
  - provide new types of activities such as research and development and technology development and adaptation, again, relating as close as possible to our primary sectors
  - provide labour intensive specialized employment opportunities appropriate to the Province, such as film making, crafts, educational or health enterprises
  - provide business activities linked with development in the Atlantic Region such as services to the offshore oil and gas industry

V. SUMMARY

Prince Edward Island has abundant resources. It has a tremendous wealth in its land and sea, and it has a life style envied by many and human resources capable of accepting new challenges. While no-one can predict the future with ultimate certainty, the evidence provided by the changing economic environment clearly points to the need for change. Prince Edward Island is ready to face the challenges of change and to work to ensure changes are of a nature that retain our strengths and build an even better life for all Islanders.

This development strategy has set out a direction for incorporating change within the Province's traditional patterns of economic activities. It recognizes that our future development efforts will work toward:

- an increased utilization of our resource base of land and sea
- a greater diversification of agricultural crops, and of processed agricultural, fisheries and forestry products
- increased value added of primary products prior to export
- maintaining or improving, as necessary, the quality of our raw resources and finished products
- increased access to national and international markets
- increased investment in new types of industries suited to Prince Edward Island

Even more importantly, the strategy acknowledges that we must work to find new ways to do what we do best; hence the four elements of the strategy:

- a market led approach to development, incorporating new initiatives to seek out market opportunities, and new products and services to be produced by existing and new Island businesses.
- the transfer and application of new technology to Island enterprises in a manner that enhances our lifestyle and creates new job opportunities,
- a greater development of our human resources to meet the challenges of the changing economy,
- an improvement of the Island business climate so as to remove barriers and provide increased incentives to investment

The strategy has acknowledged that government can only play an assisting and supporting role — the major responsibility lies with the P.E.I. private sector.

The development of this strategy has been based on the premise that our ultimate goal is to stimulate greater employment opportunities, higher incomes and an even better life style for Islanders than we have ever had before. Economic development is a dynamic and changing area, thus many specific elements of the strategy will change as time passes. The government of Prince Edward Island recognizes this and will continually assess its direction in light of emerging opportunities, and will look toward refining its economic development efforts.

The future of our Island economy and its ability to achieve a level of success never before experienced, rests with all Islanders. We must be bold enough to accept the challenge, before the window of opportunity closes.

"BLENDING TRADITION AND INNOVATION"

A PRINCE EDWARD ISLAND DEVELOPMENT STRATEGY

HIGHLIGHTS

Blending Tradition and Innovation is a development strategy that recognizes Prince Edward Island's traditionally strong agricultural, fisheries and tourism base, its resourceful people, and its satisfying life style. It also recognizes that building on traditional strengths must happen in a manner that creates new opportunities for economic growth. Blending Tradition and Innovation establishes a course of action which will set the stage for the Island to take advantage of opportunities arising from a changing economic environment, while at the same time preserving its traditional lifestyle.

The changing economic environment has been created by advances in technology and, more importantly, by the extensive application of technology to new products and old processes. These new technologies are reversing the trend of centralization of economic activity in large urban areas, while increasing the prospects of a greater dispersement of economic benefits throughout the nation. Technology offers new opportunities for rapid expansion, enhanced productivity and a specific opportunity for P.E.I. to facilitate an expansion and diversification in the products and services offered for sale in world markets.

GOAL OF ECONOMIC DEVELOPMENT

The goal of economic development is to stimulate growth in the economy of Prince Edward Island, thereby leading to more and better employment opportunities and higher incomes.

APPROACHES TO DEVELOPMENT

The Government of Prince Edward Island will take two broad approaches to achieve its goal of economic growth in the Province over the coming years. It will continue to support and encourage activities in the traditional areas of agriculture, fisheries, forestry, tourism and industry, that have served us well and that represent ongoing opportunities for employment generation; and, it will work with the private sector to ensure the fullest advantage is taken of opportunities emerging from a changing economic environment.

DEVELOPMENT OBJECTIVES

Within these two broad approaches, future economic development objectives will build on:

- an increased utilization of the resource base of land and sea
- a greater diversification of agricultural crops, and of processed agricultural, fisheries and forestry products
- increased value added to primary products prior to export
- maintaining or improving, as necessary, the quality of our raw resources and finished products
- increased access to national and international markets
- increased investment in new types of industries suited to Prince Edward Island

ELEMENTS OF A STRATEGY

1. A Market-Led Approach to Development

While efforts will continue to develop new markets for traditional Island products such as potatoes and lobster in their unprocessed state, research will also be directed to determining the potential for marketing primary products which have had value added to them through new processing techniques. Technology applied to the production of new processed food products can add significantly to the value of the products when marketed.

Additionally, increased emphasis on the marketing of Island services, including educational, hospitality and technical services made possible due to advances in communications technology, will present new opportunities to be pursued.

Four specific areas of marketing and trade require additional Government support:

- Identification of new products, new services and new markets;
- increased promotion of Island products and services;
- transfer of new product knowledge to existing and new firms;
- assistance to change national trade and marketing policies which at present act as constraints to increased trade

2. Transfer and Application of New Technologies to The Prince Edward Island Economy

The maximum potential of new technology can only be realized if steps are taken to create the conditions to ensure its adoption to Prince Edward Island. Essential pre-requisites to the transfer and application of technology to P.E.I. include:

- The establishment of a facility dedicated to technology and innovation which would co-ordinate efforts to stimulate and mobilize the diffusion and application of technology on P.E.I.

  In recognition of the importance of the foregoing, government will explore a number of options surrounding the establishment of such a facility. Whether the facility is located in one or more institutions, or whether it takes the form of a "Provincial research council", "innovation centre" or an "institute for advanced technology", is less important than that it carry out the important role of responding quickly and effectively to the diverse needs of the P.E.I. economic community.

- Promotion of the use of small scale technologies to enhance rural development.

- The creation of conditions conducive to risk taking in new technology.

3. Human Resource Development

The encouragement of entrepreneurial initiative; the further development of management abilities; the enhancement of worker skills through training and retraining; and the expansion of research and development capabilities within our educational network, all combine as efforts to improve our human resource capability. Government will, however, encourage Island firms to move into the age of technology without creating gaps in employment opportunities.
Both Government and private business will need to be particularly sensitive to this crucial need to maintain employment levels, thus special attention will be paid to retraining programs. On the other hand, every effort on the part of Government will be taken to utilize our existing human resource base as an incentive for new economic ventures -- making those resources as attractive an incentive for the establishment of new business as those of a financial nature.

4. Improvement of the Island Business Climate

(a) (i) Financial Assistance

Recognizing that capital investment will continue to be crucial to the start up of new businesses and to the application of technology within existing businesses, Government will:

- Explore ways to attract more venture capital into the Provincial economy, particularly capital supplied by Island investors.
- Review the array of Government grant programs.
- Explore the Provincial taxation system to determine how it would be changed to act as an incentive to increased investment.

(ii) Non-Financial Assistance

Very often the most valuable type of assistance that Government can provide to the private sector is that of a non-financial nature, such as advisory services, a reduction in regulatory burdens, and greater flexibility and responsiveness in overall Government assistance.

A full range of management advisory services will be developed for potential new businesses to assist them in the preparation of sound business plans and to help them gain access to a variety of Federal and Provincial programs. As well, the provision of after-care services for new and expanding firms to ensure their continuing viability will be available. The provision of support services for new industries such as the film and video industry will be explored.

(b) Energy

Future efforts by Government to deal with the energy issue will include:

- Implementation of a means to achieve short term reductions in the price of electricity, while identifying measures to ensure price stability over the longer term.
- Encourage future investment on P.E.I. in new industries for which electrical costs are not a major factor in the production process.
- Continue assistance in the conservation of energy in all businesses and residential facilities.
- Continue to explore and develop energy alternatives, including a greater stimulation of the wood fuel industry.

(c) Transportation

Efforts by the Province to improve the transportation system within P.E.I. and establish better linkages with the mainland will include:

- Strengthening major highway systems and secondary paved roads.
- Working with the Federal Government for increased maintenance and upgrading of transportation modes within the Province (particularly rail) in order to provide adequate service to the Island population.
- Working with the Federal Government for increased effectiveness in the ferry systems.
- Exploration of the possibility of extending the marine shipping season.
- Assessment of the Province's air transport needs and possibilities for improvement.
- Development of a transportation brokerage and distribution system designed to decrease costs of shipping Island exports.

(d) Co-operation Among Governments

Of particular concern to Prince Edward Island will be the need to work toward gaining Federal co-operation and support for:

- Research and development efforts necessary to explore new areas which would permit Prince Edward Island to achieve self-sustaining development.
- A broader approach by the Federal Government toward economic development.
- Provincial representation on national Boards, Crown Corporations and other non-Parliamentary institutions whose decisions affect Provincial economic development.
- The development of national policies in the area of economic development that complement Provincial development activities.
- Increased joint planning and delivery of economic and employment development programs.

(e) Government Delivery Mechanisms

To address the need for improved program delivery, the Government will take a number of steps, including:

- The creation of a new development body; namely the Prince Edward Island Development Agency.
- The combining of human resource development, community economic development, and small business assistance under one administrative body - the Department of Industry.
- The exploration of the establishment of a facility dedicated to technology and innovation.

SECTOR GOALS AND OBJECTIVES

1. Agriculture

The goal is to strengthen the overall competitive positions and future of farm owner operators, the food processing industry and the rural community of the Province.

Policy objectives necessary to achieve the above goal include:

- a shift from the historical concentration on production to one of developing agricultural commodities on a more integrated production-handling-storage-marketing continuum;
- greater utilization of the existing land base,
- encouragement of and support for farm owner operators,
- development of a focused agricultural extension effort,
- promotion of technology development, transfer and application,
- further development of the small scale agricultural program.

2. Fisheries

The goal is to ensure the maximum utilization of the available and potential fisheries resources in a manner that maintains employment in the catching sector, increases employment and value added in the processing and service areas, instills quality and efficiency, and, maintains and expands markets for fish exports.

Steps to be taken in order to meet the foregoing include:

- working to obtain an increased share of fisheries' quotas and licences
- increasing the availability of the fisheries resource
- enhancing the quality of landed fish

- increasing efforts in research and development of new product lines
- establishing a more progressive fish export marketing system
- encouraging maximum value added in the processing of fisheries and marine products (including Irish Moss)
- encouragement of improved financial, organizational and technical abilities among fishermen, processors and plant workers.

3. Forestry

The general goal of Forestry Development is to maximize the economic benefits to Provincial residents which are attainable from the forest resources of Prince Edward Island. The realization of this goal will require:

(i) Improving the forest resource of the Province.

(ii) Increasing the harvest of fuelwood by better forest management practices; and,

(iii) Improving and intensifying forest management practices, thereby augmenting employment in the forest resource sector.

The policy objective necessary to achieve the above goal will be to develop, through the use of local labour and entrepreneurial resources, a forest management program that will:

- Permit the development of a wood fuel industry to double the present consumption of wood from 168,000 m^3 (70,000 cords) to 336,000 m^3 (140,000 cords) by 1988, thus potentially decreasing fuel oil imports by 111,000 barrels/year.
- Permit the Province to attain a level of production in sawn and processed lumber of 21 million board feet annually. Without forest management inputs, reduced sawlog supply will result in declining production to 10 million board feet and consequent reduction in jobs from 250 to 125.

- Increase direct employment in the forest industry from the present 400 to 600 person years over the 5-year plan.

- Permit the development of income and employment opportunities in associated industries such as consulting, silvicultural contracting, Christmas trees, furniture and crafts, and maple syrup.

4. Tourism

The goal is to attract tourists to the Province, and, to ensure the dispersement of tourism business throughout the Island in a manner that provides maximum continuing economic benefits to P.E.I., with a minimum of undesirable environmental and social change.

Policy objectives necessary to achieve the above goal include:

- identification of new target markets and development of specific attractions/services to appeal to designated new markets

- maintenance and expansion of existing markets

- increased promotional efforts to heighten the awareness of the Island as a tourist destination

- development of a range and variety of tourist facilities/attractions to meet demands of identified markets.

5. Industry/Business

The goal is to strengthen the competitiveness of Island firms, and to encourage the establishment of new firms appropriate to the P.E.I. economy.

Necessary steps to be taken to meet the foregoing, include:

- assistance to existing firms to improve their productivity

- special assistance and incentives to Island communities to encourage community economic development through the start-up or expansion of appropriate business ventures across the Island

° encouragement of start-ups of new business enterprises which will:

- complement the primary sectors of the Province,
- provide new types of activities such as research and development and technology development and adaptation,
- provide labour intensive specialized employment opportunities appropriate to the Province,
- provide business activities linked with development in the Atlantic Region